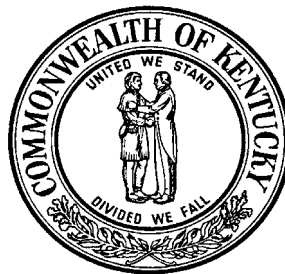


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER MERCER COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period December 1, 2005
Through November 30, 2006**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404
TELEPHONE (502) 573-0050
FACSIMILE (502) 573-0067**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Neila Monroe
Former Mercer County Property Valuation Administrator
The Honorable David L. Best
Mercer County Property Valuation Administrator
Harrodsburg, Kentucky 40330

We have performed the procedures enumerated below, which were agreed to by the former Mercer County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period December 1, 2005 through November 30, 2006. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Mercer County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (November 30, 2006), for all bank accounts, to determine if amounts are accurate.

Finding -

The Mercer County PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. The bank reconciliation appeared to be accurate.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

The recorded city receipts compared favorably to confirmed payment amounts obtained from city governments. The list of city receipts appeared to be complete.



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(Continued)

3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

The budgeted statutory contribution by the fiscal court compared favorably to the legally required amounts calculated by the Department of Revenue. The fiscal court payments traced successfully from the fiscal court statutory contribution budget account to the PVA's local bank account.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

The 15 disbursements from PVA records agreed to cancelled checks and to paid invoices. The expenditures appeared to be for official business. The Mercer County PVA does not maintain an office credit card.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

During period covered by engagement, no capital outlay disbursements occurred.

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The Mercer County PVA does not have any of these types of contracts or agreements.

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Mercer County Property Valuation Administrator
(Continued)

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The Mercer County PVA's final budget compared favorably to actual expenditures. No account series was overspent.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Collateral is not necessary for the Mercer County PVA's funds since the accounts never totaled over \$100,000 at any point during the year.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Timesheets were completed during the time period of the engagement. Timesheets maintained, supported, and documented the hours worked.

10. Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

Cash balances as of November 30, 2006, were properly transferred from the former PVA to the new PVA.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Neila Monroe
Former Mercer County Property Valuation Administrator
The Honorable David L. Best
Mercer County Property Valuation Administrator
(Continued)

This report is intended solely for the information and use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Engagement fieldwork completed -
November 30, 2006

